

DONALDA MINES LIMITED

(No personal liability)

Annual Report

FOR THE YEAR ENDED
DECEMBER 31, 1966



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DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your directors are pleased to submit, herewith, the Auditor's Report, Balance Sheet, and related Financial Statements for the year ended December 31, 1966.

Early in the year 1966, your Company carried out an induced polarization survey over a large section of its mining claims at Rouyn, Quebec. Two anomalous features were outlined by the survey which yielded no results of economic significance when tested by a series of eight diamond drill holes totalling 4,833 feet.

Your directors are watching with keen interest the surface diamond drilling program being carried out on the property adjoining our eastern boundary held by Delbridge Mines Limited (formerly held by D'Eldona Gold Mines Limited). This drill program, which is being carried out jointly by Falconbridge Nickel Mines Limited and D'Eldona Gold Mines Limited, has to date advanced to within 2,000 feet of our boundary.

In keeping with our policy of watching for properties of merit we have caused a group of 25 claims to be staked in Ottawa Township, Porcupine Mining Division, Ontario. This township adjoins Beck Township on the north, wherein it is reliably reported several major mining companies are conducting extensive exploration programs. We are presently awaiting the recommendations of the Company's consulting engineer, P. Holley-Hime, M.A., P. Eng., before commencing an exploratory program on these claims.

Accompanying this report is a Notice of Annual Meeting, which is to be held in Montreal on June 23, 1967. If you are unable to attend, please complete the enclosed form of proxy and return it to the Secretary, in the envelope enclosed for convenience.

On behalf of the Board of Directors

E. F. FURNISS
PRESIDENT

Toronto, Ontario
May 15, 1967

DONALDA MINES LIMITED
(No personal liability)

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1966
 (With comparative figures as at December 31, 1965)

| | ASSETS | 1966 | 1965 |
|---|------------------------|------------------------|-------------|
| Current assets | | | |
| Cash | \$ 6,355.71 | \$ 78,285.03 | |
| Interest bearing deposit | 61,568.46 | 25,412.13 | |
| Accrued interest | 287.67 | | |
| Marketable securities, at cost of \$5,395.00 less \$3,445.00 provision for decline in market value as at December 31, 1966 | 1,950.00 | 5,395.00 | |
| | <u>\$ 70,161.84</u> | <u>\$ 109,092.16</u> | |
| Fixed assets | | | |
| Mining claims: | | | |
| Mining concessions and claims held under development licenses, Noranda, Quebec — at valuation attributed to 1,000,000 shares of capital stock issued for the claims and \$5,612.65 paid in cash | \$ 305,612.65 | \$ 305,612.65 | |
| Patented claims in Salter Township, Ontario, acquired for cash | 3,335.52 | 3,335.52 | |
| | <u>\$ 308,948.17</u> | <u>\$ 308,948.17</u> | |
| Buildings and equipment, at nominal value | 1.00 | 1.00 | |
| Office equipment, at cost less \$642.00 accumulated depreciation | 428.00 | 428.00 | |
| | <u>\$ 309,377.17</u> | <u>\$ 309,377.17</u> | |
| Deferred expenditures and other assets | | | |
| Development and administrative expenditures, per statement | \$ 677,258.21 | \$ 653,931.81 | |
| Investments — shares in other companies, at cost | 150.06 | 150.06 | |
| Organization expenses | 8,415.51 | 8,415.51 | |
| | <u>\$ 685,823.78</u> | <u>\$ 662,497.38</u> | |
| | <u>\$ 1,065,362.79</u> | <u>\$ 1,080,966.71</u> | |
| | | | |
| | LIABILITIES | 1966 | 1965 |
| Current liabilities | | | |
| Accounts payable | \$ 650.00 | \$ 12,808.92 | |
| Capital and deficit | | | |
| Capital stock | | | |
| Authorized: | | | |
| 7,500,000 shares, par value \$1.00 each | | | |
| Issued and fully paid: | | | |
| 7,200,000 shares at par value less \$4,394,826.57 discount thereon | \$2,805,173.43 | \$2,805,173.43 | |
| Deficit , per statement | (1,740,460.64) | (1,737,015.64) | |
| | <u>\$1,064,712.79</u> | <u>\$1,068,157.79</u> | |
| | <u>\$1,065,362.79</u> | <u>\$1,080,966.71</u> | |

Approved on behalf of the Board of Directors:

E. F. FURNISS, Director
V. H. HEDGES, Director

DONALDA MINES LIMITED

(No personal liability)

DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1966

(With comparative figures for the year ended December 31, 1965)

| | 1966 | 1965 |
|---|---------------------------------------|----------------------|
| Exploration and development | | |
| Noranda, Quebec | | |
| Geophysical survey..... | \$ 9,586.12 | \$ 2,563.55 |
| Diamond drilling..... | 2,997.71 | 6,221.36 |
| Engineering fees and expenses..... | 928.25 | 3,067.25 |
| Office expenses..... | 442.53 | 950.61 |
| Renewal of development licenses..... | 11.80 | 598.81 |
| Miscellaneous..... | <u>\$ 13,966.41</u> | <u>\$ 13,401.58</u> |
| Horwood Township, Ontario | | |
| Geophysical survey..... | \$ 4,269.30 | |
| Engineering fees and expenses..... | <u>\$ 3,566.90</u> | |
| | <u>\$ 7,836.20</u> | |
| Salter Township, Ontario | | |
| Government fees and taxes..... | \$ 213.07 | \$ |
| Other properties | | |
| Engineering fees and expenses..... | \$ 407.87 | |
| Government fees..... | <u>\$ 156.09</u> | |
| | <u>\$ 563.96</u> | |
| Total exploration and development | <u>\$ 14,179.48</u> | <u>\$ 21,801.74</u> |
| Administrative expenditures | | |
| Head office accommodation, accounting and secretarial services..... | \$ 4,750.00 | \$ 3,450.00 |
| Share issue and transfer expenses..... | 4,577.22 | 2,639.10 |
| Officer's remuneration..... | 750.00 | 1,750.00 |
| Legal and audit fees..... | 300.00 | 935.00 |
| Stock exchange fees and expenses..... | 1,227.43 | 737.19 |
| Shareholders' meeting expenses..... | 250.00 | 691.32 |
| Shareholders' information and publicity..... | 447.49 | 735.02 |
| Directors' fees..... | (960.00) | 625.00 |
| Miscellaneous..... | Sundry adjustments to prior year..... | 202.52 |
| | \$ 12,302.14 | \$ 10,805.15 |
| | 2,471.22 | 2,035.61 |
| Total administrative expenditures | <u>\$ 9,830.92</u> | <u>\$ 8,769.54</u> |
| Total expenditures for the year | <u>\$ 24,010.40</u> | <u>\$ 30,571.28</u> |
| Less — proceeds from sale of pulp wood..... | 684.00 | |
| Net expenditures for the year | <u>\$ 23,326.40</u> | <u>\$ 30,571.28</u> |
| Balance deferred beginning of year | <u>653,931.81</u> | <u>631,794.10</u> |
| Deduct expenditures on claims abandoned — written off to deficit: | | |
| Duff Township, Ontario..... | \$ | \$ 597.37 |
| Horwood Township, Ontario..... | <u>\$</u> | <u>7,836.20</u> |
| | <u>\$</u> | <u>8,433.57</u> |
| Balance deferred end of year | <u>\$ 677,258.21</u> | <u>\$ 653,931.81</u> |
| Summary | | |
| Exploration and development: | | |
| Noranda, Quebec..... | \$ 564,167.37 | \$ 550,200.96 |
| Salter Township, Ontario..... | 15,420.65 | 15,891.58 |
| Administrative..... | \$ 579,588.02 | \$ 566,092.54 |
| | 97,670.19 | 87,839.27 |
| | <u>\$ 677,258.21</u> | <u>\$ 653,931.81</u> |

DONALDA MINES LIMITED
 (No personal liability)

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1966
 (With comparative figures for the year ended December 31, 1965)

| | 1966 | 1965 |
|---|-----------------------|-----------------------|
| Balance beginning of year | <u>\$1,737,015.64</u> | <u>\$1,691,803.07</u> |
| Additions during year | | |
| Cost of claims abandoned..... | \$ 34,780.00 | |
| Exploration expenditures incurred on claims abandoned..... | 8,433.57 | |
| Additional amount written off buildings and equipment to reduce to nominal value..... | 1,999.00 | |
| Provision for decline in market value of marketable securities..... | 3,445.00 | |
| | <u>\$ 3,445.00</u> | <u>\$ 45,212.57</u> |
| Balance end of year | <u>\$1,740,460.64</u> | <u>\$1,737,015.64</u> |



**STATEMENT OF SOURCE AND APPLICATION OF FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1966**

(With comparative figures for the year ended December 31, 1965)

| | 1966 | 1965 |
|---|------------------------------|----------------------------|
| Source of funds | | |
| Issue of 250,000 shares of capital stock..... | \$ 55,000.00 | |
| | <u>\$ 55,000.00</u> | |
| Application of funds | | |
| Deferred development and administrative expenditures, per statement | \$ 23,326.40 | \$ 30,571.28 |
| Less — miscellaneous expenses not involving an outlay of funds during year..... | 17.68 | |
| | <u>\$ 23,326.40</u> | <u>\$ 30,553.60</u> |
| Cash portion of consideration paid for purchase of mining claims (since abandoned)..... | 11,000.00 | |
| | <u>\$ 23,326.40</u> | <u>\$ 41,553.60</u> |
| Increase (decrease) in working capital | <u><u>(\$ 23,326.40)</u></u> | <u><u>\$ 13,446.40</u></u> |

Fisher, Nisker & Company

CHARTERED ACCOUNTANTS

62 RICHMOND ST. WEST
TORONTO, ONTARIO

AUDITORS' REPORT

To the Shareholders of:
DONALDA MINES LIMITED
(No personal liability)

We have examined the balance sheet of Donalda Mines Limited (no personal liability) as at December 31, 1966 and the statements of deferred development and administrative expenditures and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of deferred development and administrative expenditures and deficit present fairly the financial position of the company as at December 31, 1966 and its activities for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned financial statements, presents fairly the source and application of funds of the company for the year ended December 31, 1966.

FISHER, NISKER & COMPANY
Chartered Accountants

Toronto, Ontario,
March 27, 1967.

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DONALDA MINES LIMITED

(NO PERSONAL LIABILITY)

SUITE 714 • 62 RICHMOND STREET WEST • TORONTO 1, CANADA

Progress Report
January 21, 1966

To The Shareholders:

In view of the increasing activity in the general area, stemming from the encouraging results being obtained by Falconbridge Nickel Mines in its drilling program at the nearby property of D'Eldona Gold Mines Limited, your company, under the supervision of W.W. Weber, PH.D., has been engaged in recent weeks in carrying out,

- 1) A new exploratory drilling program; and
- 2) An induced polarization survey ...

at the former gold producing property of Donalda Mines Limited held under development licenses in Rouyn Township, Quebec.

Despite the customary cessation of activities during the year-end holiday period, a substantial volume of work has been completed in the area from which your company, in the period from 1948 to 1956, milled 692,094 tons for a gold recovery of \$4,050,120.

The purpose of the new project, which got under way in November 1965, was to explore areas not investigated in previous operations in the hope of pinpointing new targets for the future. While a substantial amount of additional information has been obtained during the course of the 1965 - 1966 program, much more work is necessary to fully evaluate the potential of your property.

Herewith is a brief summary of events from November 25th, 1965, up to and including January 10th, 1966:

INDUCED POLARIZATION SURVEY

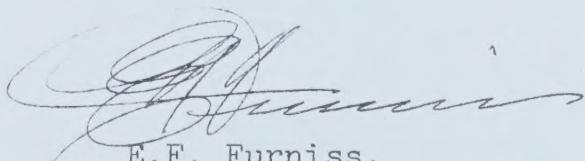
This phase of our current program was carried out by McPhar Geophysics Limited under supervision of Philip G. Hallof. It began on December 5th, 1965 and - at the same time - the original survey of Koulovine-Brossard of 1944 was replotted and re-contoured to match geological plans.

A letter from Dr. W.W. Weber on December 22nd, 1965 gave first indications that 'a decided anomaly' had been located 900 to 1200 feet west of the centre line of the township, in addition to other poorer anomalous conditions. This was confirmed in a preliminary report prepared on December 27th, 1965 by McPhar Geophysics, which revealed that the feature result to that date had been the discovery of a definite anomaly which - while not large - 'may be significant if the geologic situation is considered to be favorable'. Indications are that the top of this anomalous situation may be less than 300 feet from surface. Mr. Hall of has recommended the drilling of at least one hole to intersect the source of the anomaly, followed by another if deemed necessary.

EXPLORATORY DRILLING PROGRAM

The first hole, 65-1, with the exception of sparse pyritic sulphides, revealed little of interest to a depth of 501 feet on the shore of Osisko Lake. Hole 65-2 which probed to a depth of 1125 feet, intersected a series of rhyolite and quartz porphyry type volcanics, revealed specks of chalcopyrite and massive andesite but proved barren of mineralization. Hole 65-3 was drilled to cross-section part of the anomalous area indicated by the recent I.P. Survey. Little of interest was disclosed and the hole was completed at 400 feet. Hole 65-4 was drilled at the same location as 65-3 but directed to cross the strongest part of the I.P. Anomaly. This hole encountered nothing of economic significance and was bottomed at 416 feet. Hole 65-6 is located north of the Horne Creek fault approximately 3900 feet north of Hole No. 5 and is directed to intersect the acid volcanics in the area of a resistivity anomaly. At last report (January 18th) this hole was drilling at 122 feet after having penetrated small bands and stringers of pyrite. It is expected that this hole will enter the acid pyroclastics at between 300 and 400 ft. which is the usual host rock in the Noranda district for mineral deposition. The planned depth for this hole is approximately 500 ft. Further drilling in this area is planned.

Submitted on Behalf of the
Board of Directors



E.F. Furniss,
President.

EFF:p.

